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GOVERNMENT DEBT MANAGEMENT AGENCY PTE LTD.

GOVERNMENT SECURITIES MARKET

MONTHLY REPORT

August 2009

The deficit of the central government amounted to HUF 913.5 billion in the first eight months of 2009. The net balance of transfers from the EAGGF fund of the European Union (EU) worth HUF 234.0 billion decreased the net borrowing requirement. Privatisation revenues amounted to HUF 0.6 billion, which decreased the financing requirement. Thus, the total net borrowing requirement amounted to HUF 678.9 billion in first eight months. Net issuance was HUF 752.7 billion; out of which net HUF-denominated issuance was HUF –282.9 billion and net foreign currency denominated issuance was HUF 1,035.6 billion. Out of the international loan program HUF 1,120.6 billion was placed in the National Bank of Hungary as of foreign currency deposits at the end of July. The total amount of other liabilities decreased by HUF 65.9 billion in 2009.

The HUF denominated debt of the central government decreased by HUF 282.1 billion in 2009, which is the sum of the HUF 803.0 billion increase in the volume of HUF loans and the HUF 1,085.1 billion decrease in the volume of government securities (the difference between the total net change and the net issuance was caused by the change in the volume of matured but unclaimed securities). Net government bond issuance was of HUF –1,181.9 billion, while discount Treasury bills increased by HUF 167.0 billion and retail government securities decreased by HUF 66.8 billion. The HUF 803.0 billion increase in the volume of HUF loans in the first eight months of the year was the result of drawdowns of IMF/EU loans and project financing loans in Hungarian Forints. In order to decrease the share of foreign currency debt within the total debt – which had seen substantial increase due to unfavourable exchange rate movements – a part of the loans drawn down in 2009 was converted to HUF via FX swaps in an amount of HUF 733.5 billion.

The foreign currency debt of the central government increased by HUF 1,133.3 billion in 2009. The HUF 267.9 billion bond issuance and the drawdown of foreign currency denominated loans was HUF 1091.1 billion, out of which the loans from the international loan package (IMF, EC) amounted to HUF 977.8 billion, while loans from international financing institutions amounted to HUF 113.3 billion. Redemptions of foreign currency loans worth HUF 69.8 billion and redemptions of foreign currency government bonds worth HUF 253.6 billion decreased, while exchange rate revaluations totalling HUF 97.7 billion increased the Hungarian Forint value of the foreign currency debt in 2009.

Short-term secondary market yields decreased by 38-60 basis points, while long-term yields decreased by 7-45 basis points in August. The 1-year yield decreased by 38 bps to 7.67%, the 3-year yield decreased by 45 bps to 8.06% and the 10-year benchmark yield reached 8.14% at the end of August after decreasing by 39 basis points.

Monthly OTC turnover of government securities was 14 % higher in August than a month before and reached HUF 2,894 billion. Primary dealers, who account for the decisive part of all secondary government securities trading, made 36 % of their secondary government securities deals with non-resident investors.

The volume of non-residents' holdings of Hungarian government securities decreased altogether by HUF 32.1 billion in August, and amounted to HUF 2,377.7 billion at the end of the month. This volume represented 25.1% of the total amount of domestic government bonds and discount Treasury bills.

After successfully stabilizing the domestic government securities market ÁKK restarted its regular bond auction a program in late April.

ÁKK uses more flexible issuance methods as a reaction to the changed situation in the international and domestic government securities markets from May. Normal auction issuance is supplemented – as in several other countries – with a special window for Primary Dealers to buy more of the same securities at the average auction price after the auction. In that way ÁKK provides more investors with the possibility to buy Hungarian government bonds if there is ample demand for them.

The EUR/HUF exchange rate according to the National Bank of Hungary was 272.02 at the last working day of August 2009.

The credit rating of the long-term foreign currency debt of the Republic of Hungary is as follows at the last working day of August: BBB- (Standard & Poor's); Baa1 (Moody's); BBB (Fitch).

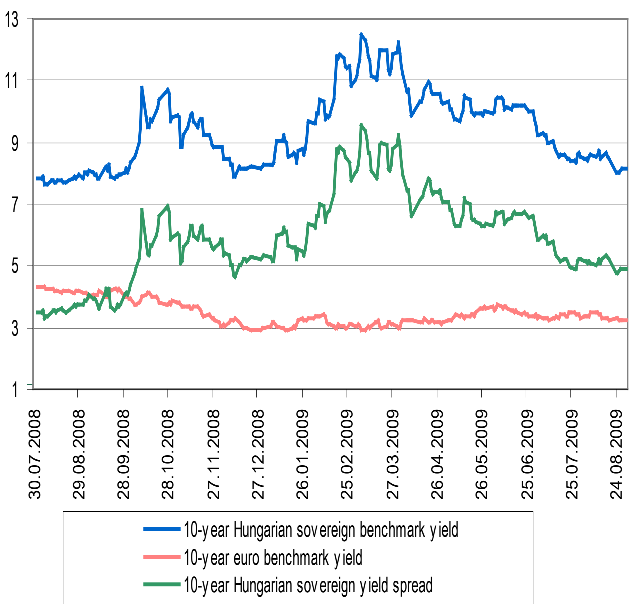
CENTRAL GOVERNMENT GROSS DEBT

HUF BILLION

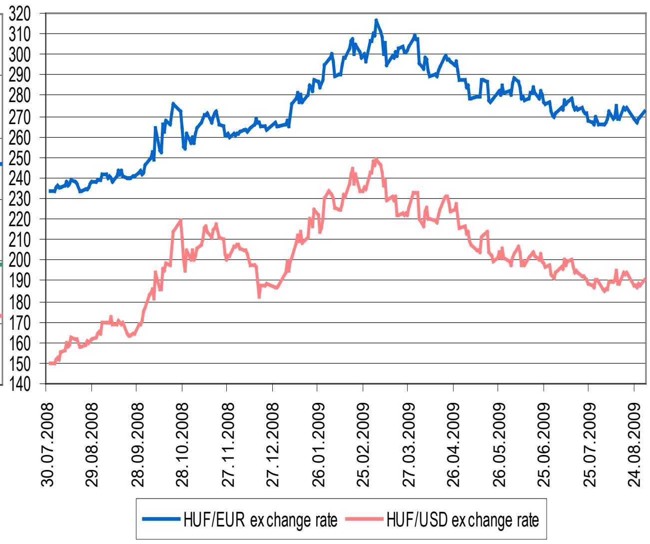
	2004	2005	2006	2007	2008	June 2009	July 2009	August 2009
1. Forint denominated debt	8,608.8	9,153.5	10,552.3	11,103.8	11,250.6	11,439.9	11,214.4	10,968.5
1.1. Loans	4.7	0.8	356.4	145.7	219.9	1 036.7	1 022.9	1 022.9
1.2. Government securities	8,604.2	9,152.7	10,195.9	10,958.1	11,030.7	10,403.8	10,191.5	9,945.5
1.2.1. Public issues	7,860.6	8,418.8	9,667.5	10,465.4	10,599.7	9,974.6	9,762.2	9,518.1
1.2.1.1. Bonds	5,768.9	6,299.1	7,244.2	8,245.3	8,570.6	7,779.0	7,660.5	7,388.8
1.2.1.2. Discount T-bills	1,463.3	1,530.9	1,755.9	1,664.9	1,482.4	1,695.1	1,621.2	1,649.4
1.2.1.3. Retail securities	628.4	588.7	667.4	555.2	546.4	500.5	480.5	479.9
1.2.2. Private placements	743.6	733.9	528.4	492.7	431.0	429.2	429.2	427.4
2. Foreign currency denominated debt*	2,983.5	3,590.7	4,124.4	4,472.6	6,774.8	7,222.4	7,751.1	7,908.1
2.1. Loans	916.8	720.6	803.7	846.5	2,529.4	3,092.7	3,445.9	3,512.6
2.1.1. Foreign loans	528.9	616.9	700.1	838.8	2,529.4	3,092.7	3,445.9	3,512.6
2.1.2. Domestic loans	387.8	103.8	103.6	104.0	0.0	0.0	0.0	0.0
2.1.2.1. Raised from National Bank of Hungary (NBH)	355.7	96.1	95.9	0.0	0.0	0.0	0.0	0.0
2.1.2.2. Other loans	32.2	7.7	7.7	7.7	0.0	0.0	0.0	0.0
2.2. Government securities	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,129.7	4,305.2	4,395.5
2.2.1. Issued abroad	2,066.8	2,870.1	3,320.7	3,626.1	4,245.5	4,129.7	4,305.2	4,395.5
2.2.1.1. Foreign currency bonds	2,066.7	2,870.0	3,320.6	3,626.1	4,245.4	4,129.7	4,305.2	4,395.5
2.2.1.2. Kingdom of Hungary 1924 issues	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.1
2.2.2. Issued domestically	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	11,592.4	12,744.2	14,676.7	15,576.4	18,025.4	18,662.4	18,965.5	18,876.6
Other liabilities		21.4	29.0	9.1	78.5	13.1	16.1	12.6
Total central government debt		12,765.6	14,705.7	15,585.5	18,103.9	18,675.5	18,981.6	18,889.2
Foreign currency deposits from the international loan program placed at the NBH					*1,483.6*	*1,131.2*	*1,105.7*	*1,120.6*
Government debt adjusted with foreign currency deposits					16 620,3	17 544,3	17 875,9	17 768,6
Marketable HUF debt (1.2.1.1+1.2.1.2.+1.2..2.)	*7,975.8*	*8,563.9*	*9,528.4*	*10,402.9*	*10,484.0*	*9,903.3*	*9,711.0*	*9,465.6*
Gross debt/GDP	*56.0%*	*57.9%*	*61.8%*	*61.3%*	*68.4%*			

*Foreign exchange debt is recorded at the mid exchange rate of the NBH at the end of the year/month.

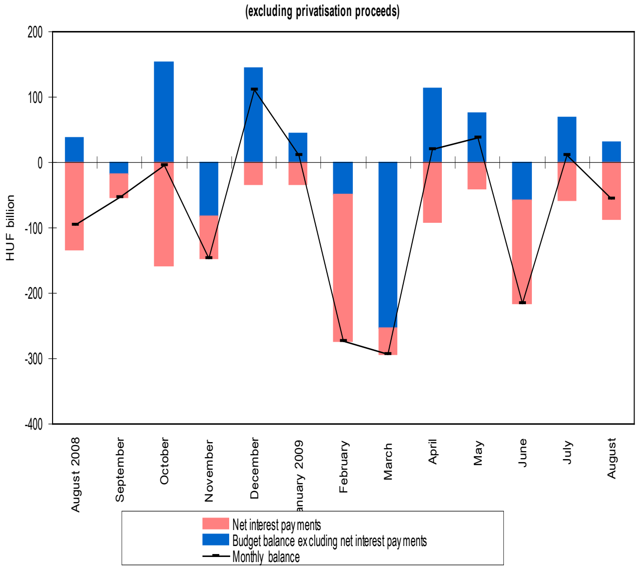
% 10-year Hungarian and eurozone benchmark yields during the last year



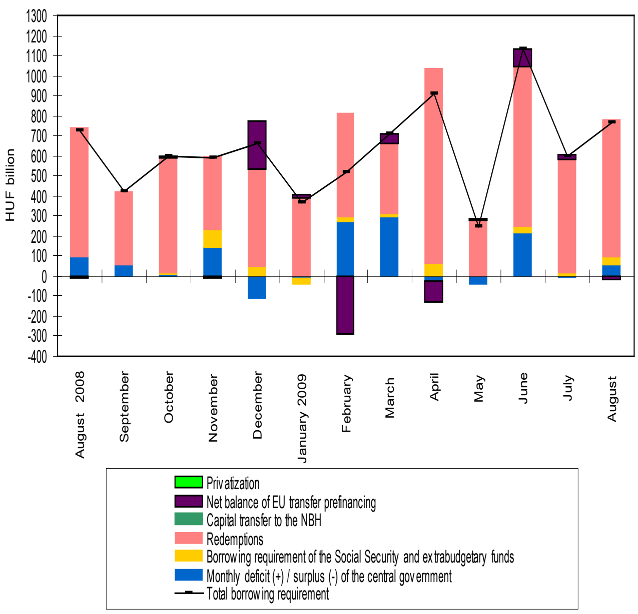
The exchange rate of the Hungarian Forint during the last year



Monthly balance of the central government budget (excluding privatisation proceeds)



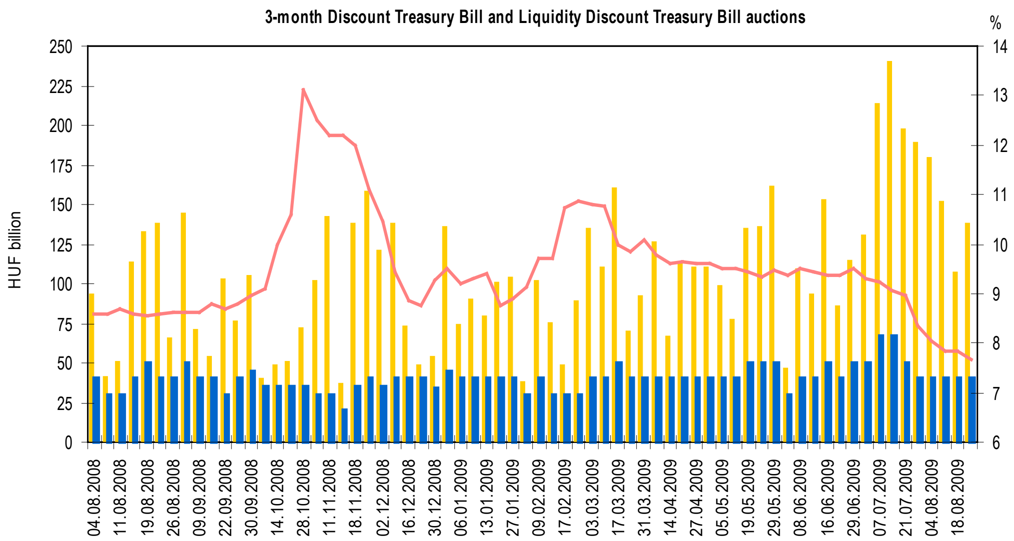
Gross borrowing requirement

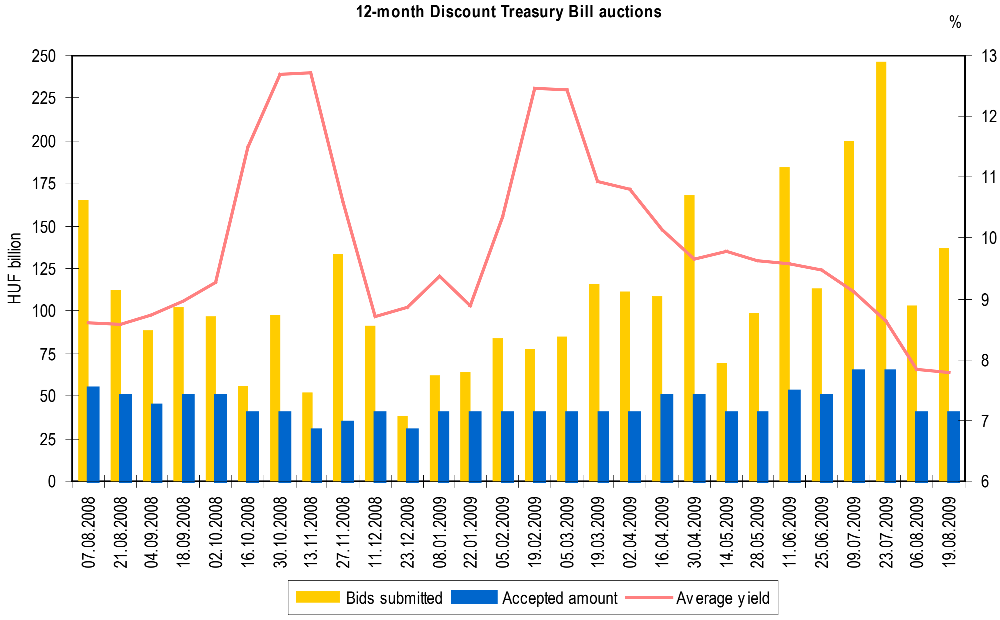


DISCOUNT TREASURY BILL AUCTION RESULTS

	3-month Discount T-bills				12-month Discount T-bills	
Code of T-bills	D091111	D091118	D091125	D091202	D100630	D100825
ISIN code	HU0000517479	HU0000517164	HU0000517487	HU0000517503	HU0000517420	HU0000517495
Maturity in days	91	91	91	91	322	364
Date of auction	04.08.2009	11.08.2009	18.08.2009	25.08.2009	06.08.2009	19.08.2009
Date of financial settlement	12.08.2009	19.08.2009	26.08.2009	02.09.2009	12.08.2009	26.08.2009
Redemption date	11.11.2009	18.11.2009	25.11.2009	02.12.2009	30.06.2010	25.08.2010
Maximum yield, (%) - ISMA	8.10	7.88	7.89	7.70	7.89	7.80
Minimum yield (%) - ISMA	7.95	7.74	7.77	7.55	7.75	7.79
Average yield (%) - ISMA	8.05	7.85	7.83	7.68	7.84	7.80
Maximum yield, (%) - EHM	8.21	7.99	8.00	7.81	8.00	7.91
Minimum yield (%) - EHM	8.06	7.85	7.88	7.65	7.86	7.90
Average yield (%) - EHM	8.16	7.96	7.94	7.79	7.95	7.91
Average selling price (%)	98.0057	98.0543	98.0592	98.0956	93.4471	92.6899
Amount offered for sale (HUF million)	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00
Amount of bids submitted (HUF million)	179,442.26	152,293.00	107,917.34	138,661.77	103,444.35	136,459.25
Amount of bids accepted (HUF million)	39,999.98	40,000.00	39,999.97	39,999.94	39,999.96	39,999.98
Bid-to-cover ratio	4.49	3.81	2.70	3.47	2.59	3.41
Bids submitted (pcs)	108	106	105	122	99	104
Bids accepted (pcs)	26	30	60	41	64	19
Market sales* (HUF million)	39,999.98	40,000.00	39,999.97	39,999.94	39,999.96	39,999.98
Retained on ÁKK's own account	12,000.04	12,000.00	12,000.03	12,000.06	12,000.04	12,000.02
Total amount issued (HUF million)	87,100.00	52,000.00	52,000.00	52,000.00	52,000.00	52,000.00

*Without issuance onto ÁKK's own account

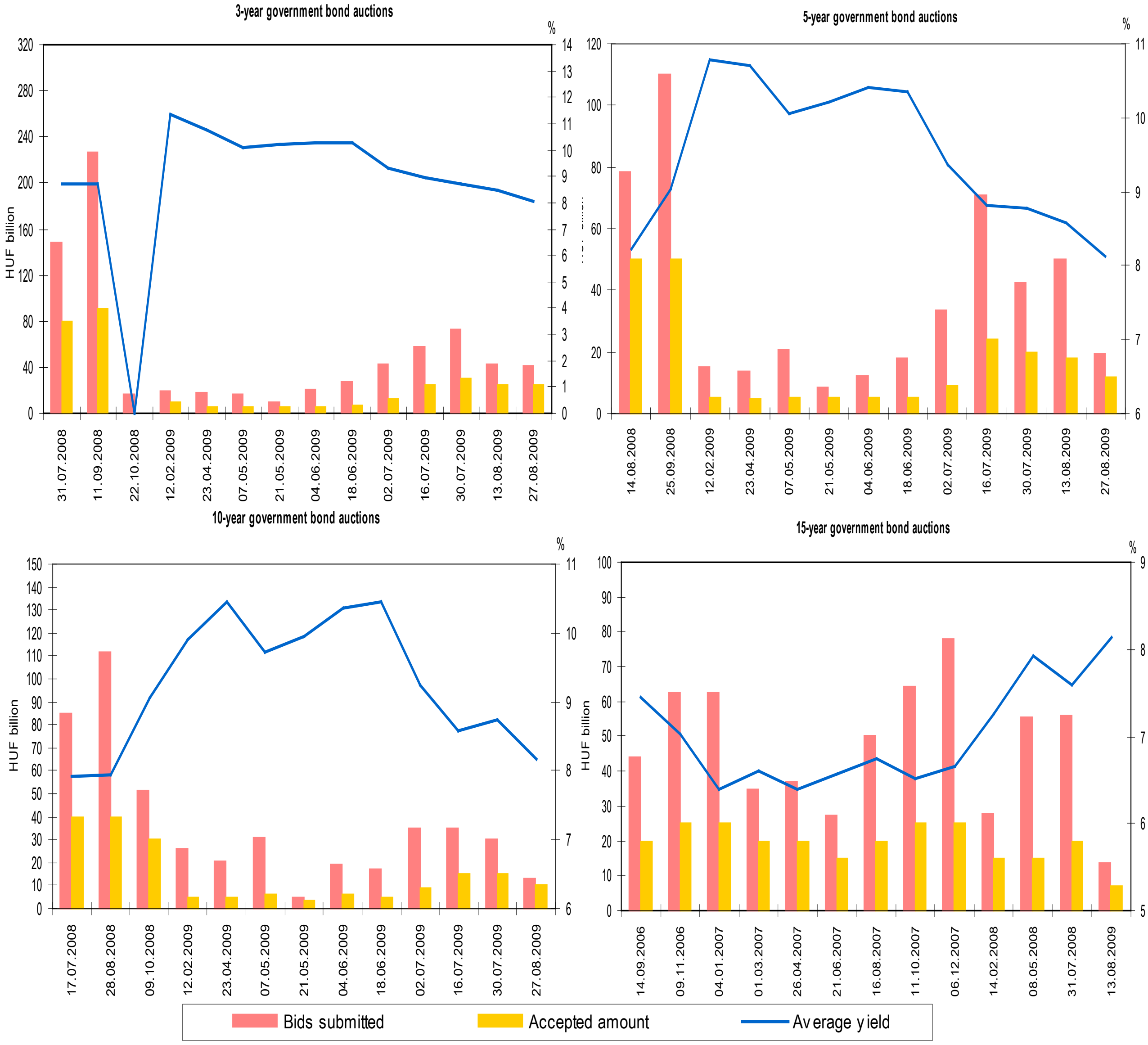




GOVERNMENT BOND AUCTION RESULTS

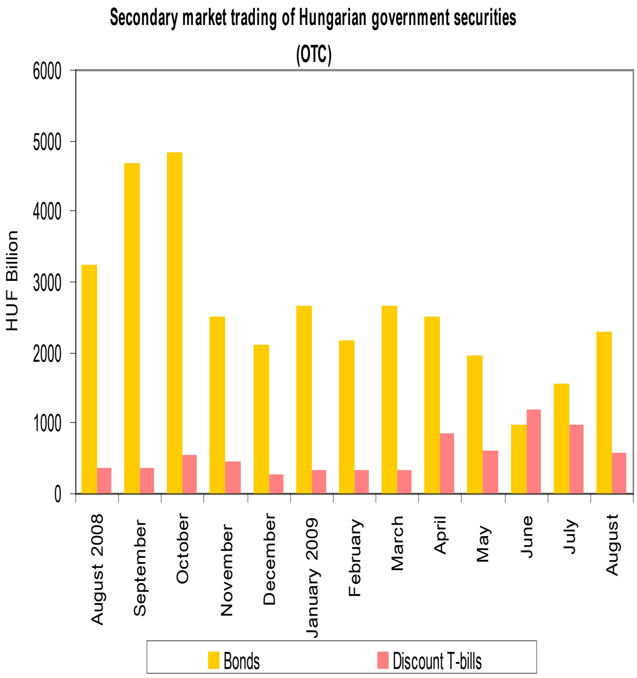
Government Bond	2013/D	2015/A	2023/A	2013/E	2015/A	2019/A
ISIN code	HU0000402045	HU0000402268	HU0000402383	HU0000402466	HU0000402268	HU0000402433
Maturity (in years)	3	5	15	3	5	10
Coupon (%)	6.75%	8.00%	6.00%	7.50%	8.00%	6.50%
Auction	23th auction	26th auction	11th auction	2nd auction	27th auction	17th auction
Date of auction	13.08.2009	13.08.2009	13.08.2009	27.08.2009	27.08.2009	27.08.2009
Date of financial settlement	19.08.2009	19.08.2009	19.08.2009	02.09.2009	02.09.2009	02.09.2009
Redemption date	12.02.2013	12.02.2015	24.11.2023	24.10.2013	12.02.2015	24.06.2019
Maximum annual yield (%) - ISMA	8.53	8.60	8.16	8.10	8.18	8.20
Minimum annual yield (%) - ISMA	8.41	8.50	8.10	8.00	8.01	8.07
Average annual yield (%) - ISMA	8.48	8.57	8.14	8.06	8.12	8.18
Maximum annual yield (%) - EHM	8.52	8.60	8.16	8.09	8.18	8.20
Minimum annual yield (%) - EHM	8.40	8.50	8.10	7.99	8.01	8.07
Average annual yield (%) - EHM	8.47	8.57	8.14	8.05	8.11	8.17
Maximum price (%)	95.0905	97.7965	82.5628	98.3299	99.8809	89.5938
Minimum price (%)	94.7520	97.3783	82.1284	97.9937	99.1556	88.7992
Average price (%)	94.9059	97.4905	82.2664	98.1442	99.4282	88.9467
Amount offered for sale (HUF million)	25,000.00	18,000.00	7,000.00	25,000.00	18,000.00	12,000.00
Amount of bids submitted (HUF million)	42,350.00	50,267.00	13,870.00	41,110.00	19,360.91	13,177.38
Amount of bids accepted (HUF million)	24,999.98	17,999.97	7,000.00	24,999.97	11,999.99	9,999.98
Bid-to-cover ratio	1.69	2.79	1.98	1.64	1.61	1.32
Bids submitted (pcs)	75	80	36	85	45	39
Bids accepted (pcs)	52	41	21	57	32	28
Tail (average price - minimum price)	0.15	0.11	0.14	0.15	0.27	0.15
Market sales* (HUF million)	24,999.98	17,999.97	7,000.00	24,999.97	11,999.99	9,999.98
Non-competitive offer (HUF million)	2,550.00	2,662.00	560.00	2 095.00	0.00	0.00
Total amount issued (HUF million)	30,000.00	25,200.00	14,000.00	50,000.00	12,000.00	10,000.00

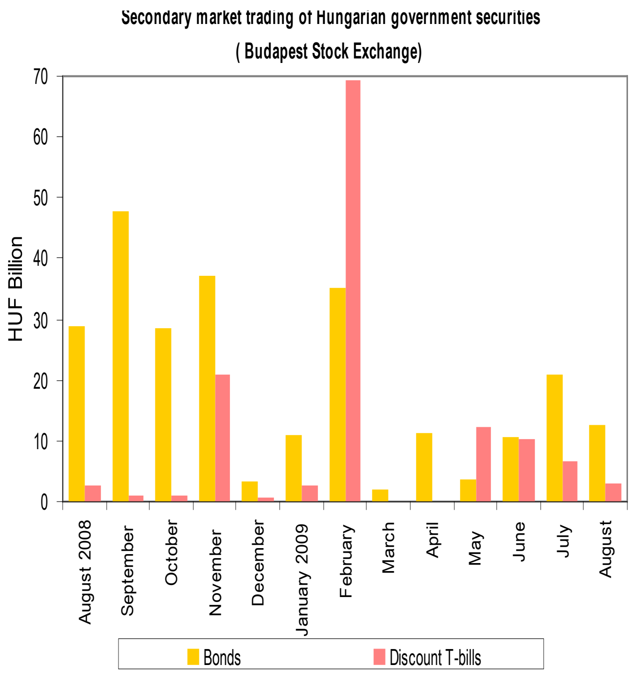
*Without issuance onto ÁKK's own account

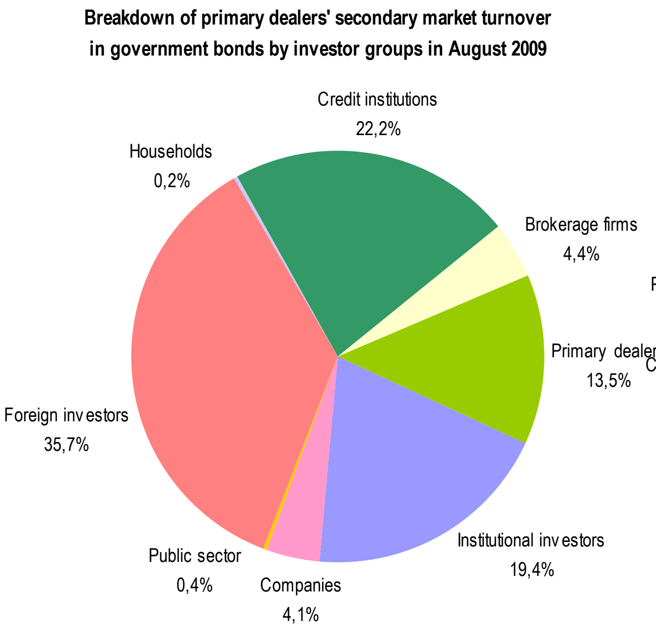


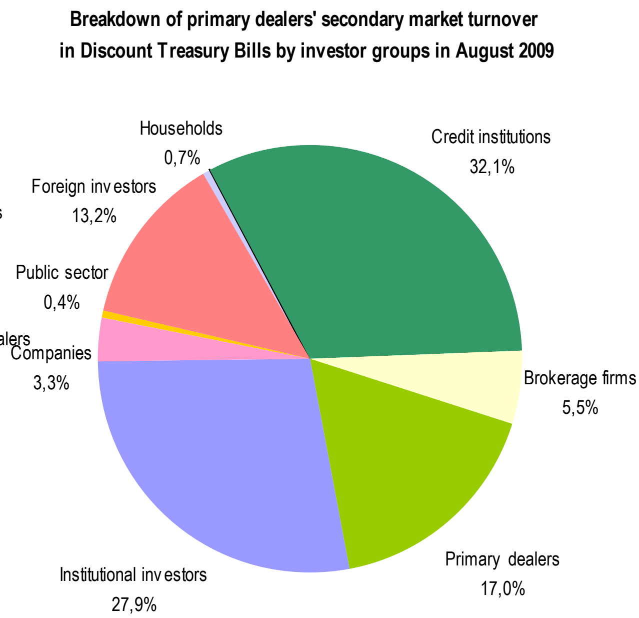
GOVERNMENT SECURITIES BUY-BACK AUCTION

Government bond	2010/D	2010/C
ISIN code	HU0000402409	HU0000402391
Coupon (%)	6.25	6.75
Date of reverse auction	26.08.2009	26.08.2009
Date of financial settlement	02.09.2009	02.09.2009
Redemption date	24.08.2010	12.04.2010
Minimum annual yield (%)	0.00	7.75
Average annual yield - ISMA (%)	0.00	7.76
Average annual yield - EHM (%)	0.00	7.65
Amount of bids submitted (HUF million)	4,440.90	11,598.87
Amount of bids accepted (HUF million)	0.00	4,729.68

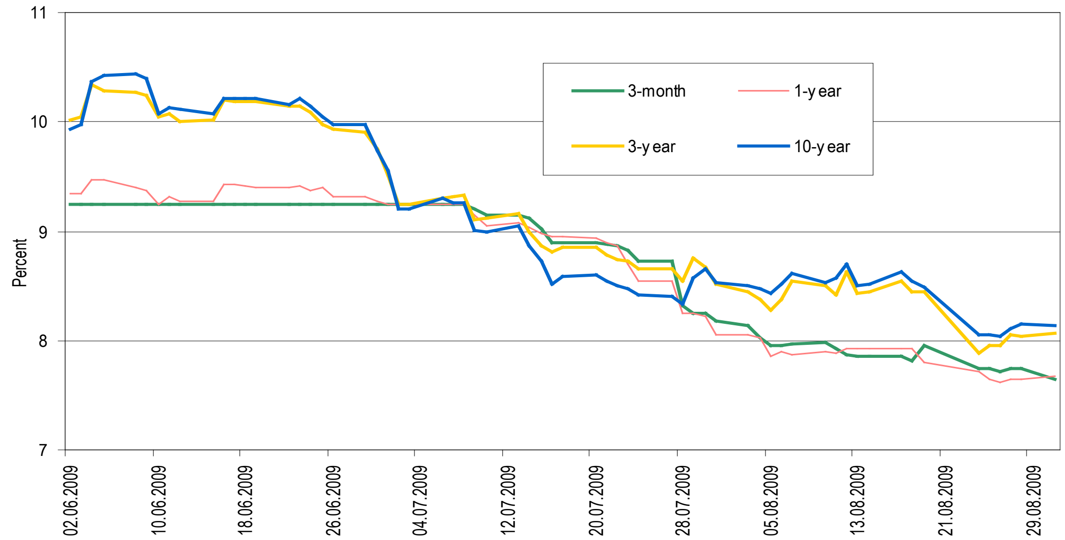




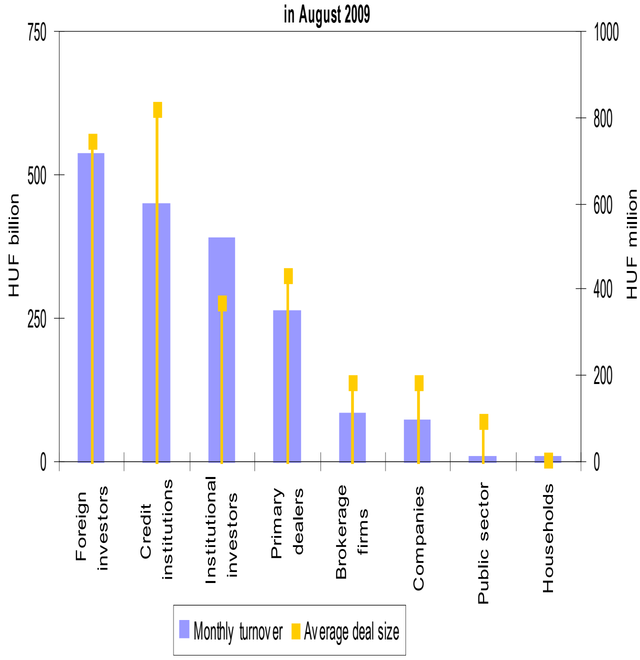




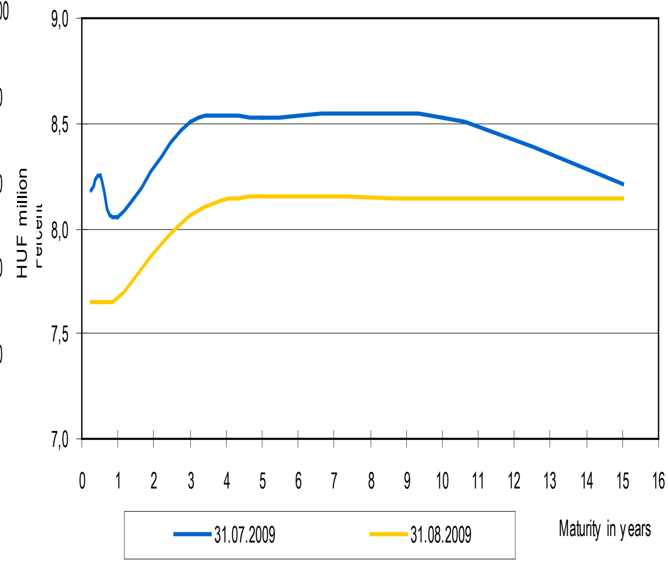
Benchmark yields in the past three months



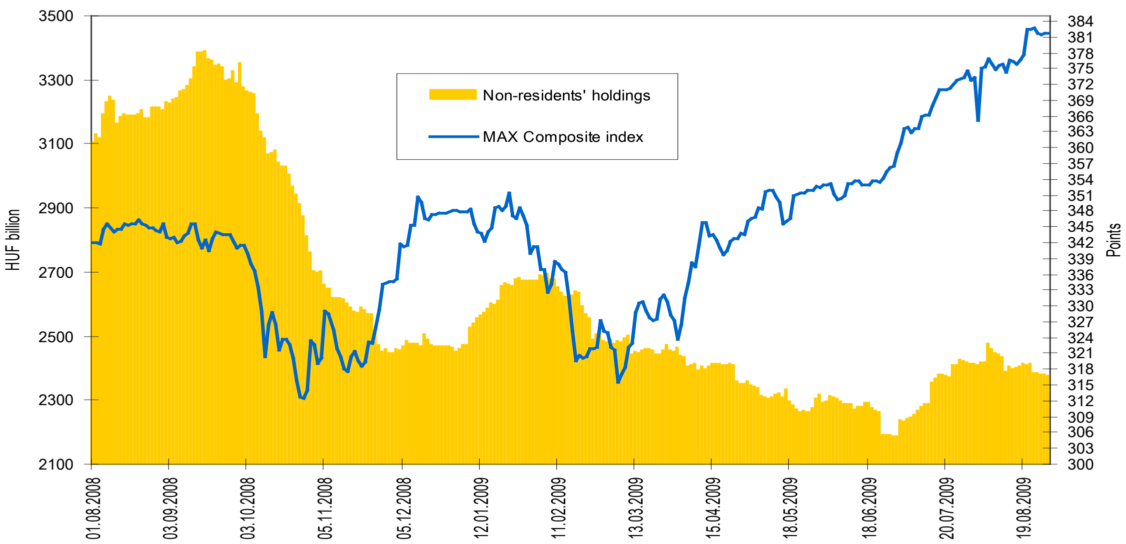
Primary dealers' trading with different investor groups in August 2009



Benchmark yield curves



Non-residents' holdings of Hungarian government securities during the last year and the MAX index



INTEREST RATE RESETS OF FLOATING RATE GOVERNMENT BONDS IN AUGUST 2009

Government Bond	Date of interest rate reset	Interest period		Date of interest payment	Reset interest rate (%)	Interest payable (%)
2010/A	11.08.2009	12.08.2009	12.02.2010	12.02.2010	8.49	4.34
2026/A	27.08.2009	28.08.2009	28.02.2010	01.03.2010	8.96	9.14

HUNGARIAN GOVERNMENT SECURITIES INDICES

	MAX index	RMAX index	MAX Composite index	ZMAX index
Value as at 31 August 2009	383.7253	394.3333	381.7953	396.9734
Changes compared to the end of the month before	8.2576	3.3467	7.5406	2.7699
Annual yield earned on the index portfolio	10.56%	10.45%	10.91%	9.97%

Government securities with the highest secondary market turnover in August 2009

Government security	Date of redemption	Turnover (HUF billion)
2013/D	12.02.2013	208.4
2015/A	12.02.2015	173.0
2019/A	24.06.2019	129.2
2011/C	22.04.2011	118.7
2012/C	24.10.2012	109.5
2017/B	24.02.2017	109.1
D090923	23.09.2009	87.1
D100630	30.06.2010	72.7
2014/C	12.02.2014	66.9
2010/C	12.04.2010	53.3

The outstanding volume of government bonds with benchmark status at the end of August 2009

	HUF billion	
Government bond	31.07.2009	31.08.2009
2013/D	521.60	590.53
2015/A	490.40	538.47
2019/A	347.45	367.04
2023/A	200.76	208.33

PRIMARY DEALERS - AS AT 31 AUGUST 2009

Primary dealers:		Primary dealers for retail securities:
CIB Bank Zrt.	Magyar Külkereskedelmi Bank Zrt.	CIB Bank Zrt.
CITIBANK Europe Plc.	Magyar Takarékszövetkezeti Bank Zrt.	UniCredit Bank Hungary Zrt.
Deutsche Bank Zrt.	Országos Takarékpénztár és Kereskedelmi Bank Nyrt	Kereskedelmi és Hitelbank Zrt.
ERSTE Bank Befektetési Magyarország Zrt.	Raiffeisen Bank Zrt.	Magyar Takarékszövetkezeti Bank Zrt.
ING Bank N.V.	UniCredit Bank Hungary Zrt.	Országos Takarékpénztár és Kereskedelmi Bank Nyrt.
Kereskedelmi és Hitelbank Zrt.		the branch network of the Hungarian State Treasury